MEXICO

A Guide for Canadian Exporters

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I. THE COUNTRY

History

In the 12th century A.D., the Aztecs moved from northern Mexico to settle in the Valley of Mexico. The Aztecs encountered an advanced civilization which stood in contrast to their warlike and nomadic ways. Initially, they were subservient to other tribes living in the area but by 1325, their own city of Tenochtitlan began to dominate the valley. Through wars, alliances and marriages, the Aztecs soon extended their domain over a large part of present-day Mexico.

The arrival of the Spanish adventurer Hernan Cortès and his small band of soldiers in 1519, brought an end to the Aztec empire within two years. At first, the Aztec Emperor Moctezuma greeted Cortes as the returning god Quetzalcoatl, whom legend held to be fair-skinned and bearded. The Spaniards were aided in the conquest by some 500,000 Indian allies who strongly resented Aztec rule.

The colonial period which ensued lasted until 1810. Although Spain profited handsomely from Mexico's silver wealth, founded cities and developed agriculture during this period, Spanish colonial policy generally imposed constraints on the growth of New Spain. Manufacture of the most basic products was forbidden in order to ensure a captive market for Spanish goods. The agricultural sector, although it consisted of large land holdings, never became an export-oriented plantation economy. Furthermore, Spaniards born in New Spain (Creoles) resented the fact that only Spaniards could have a role in the colonial government.

When Spain fell to Napoleon in the first years of the 19th century, the ties with Spain were temporarily broken and the Creoles, now numbering 2 million, began to stir. On September 15, 1810, the call for freedom by Miguel Hidalgo y Costilla roused the country to a protracted civil war which, after the execution of Hidalgo, was consecutively led by Jose Maria Morelos y Pavon and Vicente Guerrero.

Mexico gained its independence in September 1821. However, the civil war had left the economy in ruins

and the political system extremely unstable. A series of military rulers followed who were conservatively oriented and interested primarily in personal gain.

These chaotic years (1821-1848) were followed by the presidency of Benito Juarez, a liberal. The country adopted a new constitution which threatened the power of the conservatives. The Reform Laws introduced by Juarez expropriated all Church property (other than church buildings themselves) and clearly separated Church from state. The conservatives looked for support abroad and Napoleon III of France took the opportunity to gain a foothold in the New World. Maximilian von Hapsburg was named emperor and the French military took over most of the country. Juarez was forced to flee, but returned after the U.S. Civil War. With some support from the United States, which sought to eliminate European influence in the region, Juarez was able to defeat Maximilian and return to the presidency.

Juarez died in office and his vice-president, the author of the Reform Laws, finished the term. When he ran for a second term, a new revolt broke out headed by Porfirio Diaz who objected to a president of Mexico running more than once. Diaz won the election and governed for 30 years (earlier objections notwithstanding) with all the excesses of a dictatorship.

The Diaz rule was terminated by the Revolution of 1910, led by Francisco Madero, a moderate democrat. Although the revolutionary forces quickly gained power, Madero proved to be an ineffective leader and he was soon overthrown and executed by General Huerta. A bloody civil war resumed which lead to the deaths of more than a million Mexicans. The revolutionary forces of Carranza, Villa and Zapata triumphed in 1917. A new constitution was established that year which called for extensive land reform and firmly entrenched the rights of labour unions.

Even though the revolution came to an end in 1917, it was difficult for the central government to extend its authority throughout the country, as local revolutionary warlords were unwilling to relinquish power. Hence, the post-revolutionary years were marked by considerable instability.

In 1929, the Partido Nacional Revolucionario (PNR) was founded with the intent of establishing a broad-

based organization which could counteract political instability by drawing support from all of Mexico's regions and major social groupings. The PRN was eventually redesignated the Partido Revolucionario Institucional (PRI).

The tripartite combination of labour, campesinos and popular sectors within the PRI has enabled it to ensure an orderly succession of presidential leadership from the time of its founding to the present day. Mexico's current President, Miguel de la Madrid Hurtado, was elected in 1982.

Geography and Climate

Mexico has an area of 1,850,000 km^2 (equivalent to Canada's three prairie provinces). The greater part of the country is a highland plateau bordered by mountains. Mexico City lies at 2,679 m above sea level.

Differing altitudes and latitudes and the fact that Mexico is situated between two oceans, create varied climates, ranging from tropical in the coastal lowlands to subtropical in the foothills and cooler but mild temperatures on the central plateau. A few mountain peaks such as the Popocatepetl volcano near Mexico City are perpetually snow-capped.

About 40 per cent of Mexico's land receives adequate rainfall, 17 per cent of the total area is arable, 48 per cent is suitable for livestock, and 29 per cent is forested.

Population

Population	75 million
Annual growth rate	2.5%
Urban population	60%
% of population under 20 years of age	54%
% of population under 14 years of age	43%
Literacy rate	75%
Language	Spanish
Main religion	Roman Catholic
Main towns:	
- Mexico City	18.2 million
- Guadalajara	2.9 million
- Monterrey	2.4 million

Mexico is now the largest of all Spanish-speaking countries. However, more than one hundred Indian dialects are still spoken in remote areas.

System of Government

Mexico is a federal republic divided into 31 states and a Federal District. The federal government delegates relatively little authority, except certain public services, to state and local governments.

Federal executive power rests with the President of the Republic who is both head of state and head of government. His term of office is six years and he is elected by direct popular vote. He cannot be reelected and his parents must be of Mexican birth. He is aided in his executive functions by 16 Cabinet Ministers. Executive power extends to a number of state-owned enterprises and agencies which have an important role in the Mexican economy. Among the most important are Petroleos Mexicanos (PEMEX), the Federal Electricity Commission (CFE), the National Company of Basic Commodities (CONASUPO) and the Mexican Foreign Trade Institute (IMCE).

Legislative power resides in a Congress consisting of a Chamber of Deputies and a Chamber of Senators. Deputies are elected for a term of three years and senators for six.

The judicial branch consists of the Supreme Court of Justice of the Nation. Its judges have lifetime tenure and are appointed by the President of the Republic, subject to ratification by the Senate.

While there are many political parties in Mexico, the PRI (Partido Revolucionario Institucional) has dominated the political system ever since it was founded in 1929. All presidents since then, and the majority of deputies and senators, have come from the PRI. The current President, Miguel de la Madrid Hurtado, took office on December 1, 1982, polling 74 per cent of the vote. The National Action Party took 16 per cent of the vote and the left-wing parties received the remainder.

II. ECONOMY AND FOREIGN TRADE

Gross Domestic Product

	% of GDP
1. Main economic activities 1983:	
Agriculture, forestry, fishing	8.8
Mining and quarrying	3.8
Manufacturing	24.1
Electricity	1.6
Trade and tourism	25.4
Construction	5.4
Transport and communications	7.4
Financial services, insurance and real estate	10.0
Community, social and personal services	14.9
Bank services (estimate)	– 1.4

2. Total GDP

	1981	1982	1983
Total GDP ($US billion)	238.8	151.2	115.6
Growth rate over previous year	7.9%	– 0.5%	– 4.7%*
GDP per capita ($U.S.)	3,353	2,068	1,541

* Growth rates describe GDP growth in real peso terms. Serious overvaluation of peso resulted in drastic devaluations in 1982. As a result, GDP declines when expressed in dollars appear to be very severe because of foreign exchange adjustments.

Agriculture and Fisheries

Some 25 per cent of the Mexican labour force was employed in these sectors in 1982, as compared to 45 per cent in 1970.

With only 17 per cent of the Mexican territory being suitable for cultivation and despite an increase by about 15 per cent of arable land over the last decade (largely because of government irrigation schemes), the agricultural sector growth rate during the seventies

(3 per cent) failed to match population growth (3.5 per cent). Mexico is nearly self-sufficient in many basic food items. However, recurring difficulties in wheat and corn harvests in recent years (largely due to shortages of water in both irrigated and rainfed areas) have forced the government to resort to imports, currently on a large scale. Agriculture does, however, make a significant contribution to export earnings. In 1983, agricultural exports (coffee, cotton, fruits and vegetables) accounted for 9 per cent of total exports, and Canada is a major purchaser of Mexican fruits and vegetables.

Considerable investment was made in Mexico's fishing fleets, ports and processing facilities between 1978 and 1981, in recognition that the fisheries sector had been characterized by low productivity to that point and that Mexico's 200-mile economic zone presented new opportunities. However, new investments in the industry led to a high foreign debt, which became unsustainable with the devaluations of 1982. Hence, the industry at the moment is in a state of disarray. Nevertheless, the fisheries sector remains a government development priority: it will no doubt attract new investments within the near future.

Energy

Mexico ranks fourth in the world in proven petroleum reserves with 72 billion barrels. Mexico produces 2.7 million barrels per day (mbd) and exports approximately 1.6 mbd. In 1983, crude oil and natural gas accounted for 71 per cent of all Mexican exports. Although exploration and development activities peaked a number of years ago, Pemex, the state-owned oil monopoly, still has sizeable requirements for petroleum equipment and services.

The government electricity monopoly, Comision Federal de Electricidad (CFE), had an installed generating capacity of 19,000 MW at the end of 1983. Despite current economic difficulties, capacity is expected to grow to 28,500 MW by the end of 1986. Currently 34 per cent of Mexican power production is hydroelectric and 65 per cent thermal. Future increases in generating capacity will come from further exploitation of Mexico's hydro reserves and increased use of coal for thermal generation. Mexico's ambitious plans to establish 20,000 MW of nuclear generating capacity

were shelved at the onslaught of the economic crisis in 1982, and it is expected that Mexico will seek to develop a more modest nuclear programme in the coming years.

Mining

The Mexican mining industry has traditionally been a major contributor to the development of the economy. Its 15,000 small and medium-sized mines produce a plethora of metals and minerals and today Mexico leads the world in the production of silver, fluorspar and celestite and is amongst the top five producers of 11 other minerals. Mexico exports some 50 per cent of this production and the industry accounted for 2.1 per cent of total exports in 1983. The mining sector is also expected to provide strategic raw materials to the growing industrial sector, particularly the manufacturing industry.

For these reasons, an active program of exploration, extraction and processing of minerals will continue to be undertaken. Public and private investment is expected to be substantial, although at levels somewhat below those of previous years, and foreign partners and technology will continue to be sought in order to maintain development of the industry. An effort will also be made to reduce Mexico's dependence on imports through local manufacture of mining equipment, although large-scale equipment will still need to be sourced offshore along with state-of-the-art technologies and the more sophisticated services.

Manufacturing Industries

Manufacturing in 1983 accounted for nearly 25 per cent of the Mexican GDP. Share of total manufacturing activity by major category was as follows in that year:

Food, beverages and tobacco	26.5%
Chemicals, petroleum derivatives, rubber and plastic products	24.7%
Metal products, machinery and equipment	16.5%
Textile clothing and footwear	12.3%
Non-metallic mineral products (hydrocarbons excluded)	5.3%
Paper, paper products, printed matter	5.2%
Primary metal industries	5.2%
Lumber and wood products	3.0%
Other	1.3%

Mexico's post-war policy of import substitution has resulted in a high degree of self-sufficiency in consumer products. This is reflected in the large contribution that food processing and textile sectors make to overall manufacturing activity.

The second most important manufacturing sector — chemicals, petroleum derivates, rubber and plastic products — is also the fastest-growing and reflects in part the industrial impulse given by the country's newly found oil wealth. World-scale petrochemical plants were completed between 1979 and 1983 and Mexico is now an important exporter of ammonia and polyvinyl chloride.

Mexico is also self-sufficient with respect to its passenger car and truck requirements. Total production reached nearly 600,000 units in 1981 (360,000 passenger cars), although the economic crisis of 1982 prompted a 63 per cent decline in units produced in 1983. Mexico is becoming an important exporter of automotive engines and components.

Although forest products industries do not play a major role in Mexico's manufacturing sector, it has undergone significant growth in recent years. Twenty-nine per cent of Mexico's surface is covered by forests, and for many years this important resource had been poorly managed and under-exploited. Public investment policy, however, has been given greater attention in recent years and considerable progress has been made in reducing Mexico's dependence on the importation of wood fibres.

In summary, Mexico's post-war industrial development has resulted in the development of a manufacturing industry oriented towards the production of consumer goods. More recently, Mexico's extensive petroleum resources have allowed for considerable growth in the production of petrochemicals. Given the nature of Mexico's industrial structure (as well as the trade barriers which protect it), the best opportunities for Canadian exports lie in the primary, intermediate and capital goods areas. Mexico's desire for further import substitution in these areas also opens opportunities for joint venture and licensing arrangements between Mexico and Canadian companies.

Transport and Communications

The national highway network consisted of 214,000 km at the end of 1983, one-third of which was paved. Now that the basic trunk network is in place, the government is placing more emphasis on constructing secondary and feeder roads. Road transport moves about 70 per cent of all public transit passengers and about 60 per cent of all freight.

The principal railroad is the government-owned Ferrocarriles Nacionales de Mexico which operates a 25,500 km network. Despite some improvements in the system, the government still places considerable priority on further modernization and rationalization of Mexico's railways.

Mexico enjoys regular maritime service to U.S. and European ports. Mexican flag lines, the most important being Transportacion Maritima Mexicana, S.A., are taking an increasingly important part in international traffic. Development of Mexico's maritime transportation links had been hampered by a lack of adequate port facilities. Port construction and improvement programmes were begun in the late seventies and are continuing today.

The two major Mexican airlines, Aeromexico and Mexicana, both government-owned, offer direct connections from Mexico to Canada, U.S.A., Europe and Latin America. They also maintain a comprehensive domestic freight and passenger service. The Mexican government administers 72 airports, 32 of which are of international standard. Considerable public expenditure is being made in airport improvement and expansion.

With growing population in urban cities, Mexican cities have to invest considerable sums in public transportation systems. Mexico City already has a 100 km subway (rubber tire) network to which some 53 km will be added over the next five years. Other major urban centres are planning to acquire various types of mass transit systems.

Despite annual growth rates of 15 per cent during the last decade, Mexico's communications infrastructure presents clear symptoms of saturation and there is an

urgent need to modernize it. Current plans call for the establishment of a satellite communications system (two domestic satellites will be launched in 1985) and the modernization and expansion of microwave networks. These hardware improvements will, among other things, provide better telephone (particularly in rural areas), telemetric and telegraphic services through the use of digital technology.

There are currently 6.6 million telephones in Mexico (90 per 1,000 inhabitants) which are located primarily in Mexico's main cities.

A Mixed Economy

The role and influence of the Mexican government in economic and industrial development is far-reaching. At present, it is estimated that the Mexican public sector contributes to more than 55 per cent of the GDP.

The government owns the following industries: petroleum, telecommunications, electric power and banking (commercial banks were nationalized in September 1982). In addition, the government has a share in a wide variety of industries including textiles; forest products; mining and smelting; coal; iron and steel; chemicals and fertilizers; railroad rolling stock; textile machinery; hotels; and automotive. The government's involvement in industry was designed to stimulate industrial development and to protect some sectors of national importance.

Foreign Trade

Foreign Trade Trends (In millions of U.S. dollars)

Year	Exports	Imports	Balance of Trade
1980	15,134	18,832	– 3,698
1981	19,420	23,929	– 4,509
1982	21,006	14,421	6,585
1983	21,399	7,720	13,679

Source: Bank of Mexico

Main Products Traded (as % of total)

Exports	1982	1983
Crude petroleum and natural gas	75.8	70.8
Agricultural and fisheries products	5.8	6.0
Processed food and beverages	3.3	3.3
Chemicals (includes petrochemicals)	2.6	2.8
Transportation equipment (includes automotive vehicles and parts)	2.5	3.5
Unprocessed minerals and ores	2.4	2.1
Steel and other refined metals	2.2	3.9
Refined petroleum and derivatives	1.2	3.4
Other	4.2	4.2

Imports	1982	1983
Industrial equipment and machinery	26.8	18.0
Transportation equipment (includes automotive vehicle and parts)	13.7	11.2
Chemicals (includes petrochemicals)	11.8	15.5
Steel and other refined metals	9.4	6.1
Agricultural and fisheries products	7.6	21.9
Electrical/electronic appliances and equipment	7.5	5.9
Processed food and beverages	4.8	6.8
Pulp, paper and printed matter	3.3	3.4
Other	15.1	11.2

Main Trading Partners

The United States is by far Mexico's largest trading partner. On the average, some 60 per cent of Mexico's imports are sourced in the United States and approximately the same percentage of Mexican exports are to the United States. In 1983, the United States had a 63.6 per cent share of the import market, followed by the Federal Republic of Germany (4.8 per cent), Japan (4.6 per cent), France (4.3 per cent), Canada (3.1 per cent) and Italy (2.3 per cent).

Canada-Mexico Trade

a) Main Commodities traded (1983)

Imports		Exports	
Crude petroleum	635.0	Wheat	76.1
Motor vehicle engines	90.4	Railway, street rolling stock	62.3
Parts and accessories for motor vehicles	79.3	Parts and accessories for motor vehicles	23.7
TV, radio and phone set chassis	31.5	Sheet and strip, steel	21.4
Parts of motor vehicle engines	25.9	Motor vehicle engines and parts	15.9
Electronic equipment components	17.2	Ships and boats	14.6
Coffee, green	13.7	Barley	12.5
Tomatoes, fresh	12.7	Asbestos milled fibres	11.3
Fluorspar	10.6	Models for demonstration	11.2
		Card punch sort tab computer and parts	11.1

b) Total Imports and Exports ($CDN million)

	1980	1981	1982	1983
Imports	345.4	996.4	998.6	1,079.0
Exports	483.9	715.3	446.8	378.0

III. EXPORTING TO MEXICO

Market Opportunities

Sections I and II of this booklet provide the reader with general information on various aspects of Mexico with a view to familiarizing him with the country and to allow him to make a preliminary assessment of the market opportunities for his products and services. While it is impossible to describe these opportunities in detail, the sectors which hold most promise to Canadian exporters are transportation (rail, urban transit, ports, airports); telecommunications; energy (oil and gas equipment, electricity generation and transmission equipment); agriculture and mining.

Exporters should also be aware that Mexico's import and industrial development policies have long been based on protectionism and import substitution as means of developing domestic industries. Therefore, it is difficult to market products or services in Mexico which compete directly with Mexican domestic production, particularly if that production is sufficient to meet the local demand and if the country is in a period of economic difficulty. In addition, exporters are often pressed to maximize the local content of their products in order to gain or preserve their access to the market.

Import Controls

An import permit must be obtained from the Ministry of Commerce and Industrial Development (SECOFIN) of the importation of most categories of goods to Mexico. Goods must enter the country within three months after the issuance of the permit. For certain luxury goods, applications for import permits are automatically denied.

Foreign Exchange System

Mexico currently has a two-tiered foreign exchange system. A controlled rate of exchange is used primarily for the purchase of essential imports and is made

available only for transactions authorized by SECOFIN or the Central Bank. Currency is also available at the free-market rate whose use is not subject to any restriction. Free-market currency can be used for foreign travel as well as the payment of leasing and consultancy fees, dividends and royalties. However, banks set single transaction limits on the purchase of free dollars which vary according to the availability of foreign exchange. Generally, individuals can purchase $500 (US) in any single transaction, whereas firms are limited to $10,000 (US). Both the free and controlled rates of exchange are currently undergoing a devaluation of 0.17 pesos per day. Firms which generate foreign exchange through export have access to these earnings, the use of which is controlled far less rigorously.

Customs

In most cases, *ad valorem* duty rates are based on invoice values (official price is still used for some products). Some luxury goods are subject to a 100 per cent tariff. Most items are also subject to a 2 per cent surtax. Since import permits and tariff requirements change frequently, potential exporters should check with the Tariff Officer of the Latin America and Caribbean Affairs Bureau of External Affairs (613-992-0384) in Ottawa or the Canadian Embassy in Mexico (905-254-3288) for an indication of the treatment their product would be accorded. If known, the Mexican customs tariff designation product should be provided and failing this the Brussels number would be helpful in identifying the tariff applicable.

Documentation Requirements

Canadian businessmen should pay careful attention to Mexican documentation requirements in order to avoid fines, delays or return of shipments. Local agents or representatives can lend invaluable aid in ensuring that Mexican requirements are met. Invoices should be prepared in Spanish or if they are prepared in another language, a translation signed by the seller, consignee or customs house broker should be attached.

Commercial shipments require an import permit, which the Mexican importer must obtain before the arrival of the merchandise in Mexico. A commercial

invoice in up to eight copies is also required. Except for air and postal shipments, consular legalization must be obtained from a Mexican Embassy or Consulate in Canada. Bills of lading are also required for maritime, rail and air shipments.

Full details on the requirements for each product and method of shipment are available from customs brokers, from the Latin America and Caribbean Bureau of External Affairs in Ottawa or from the Commercial Division of the Canadian Embassy in Mexico.

Commercial Samples

No duties will be levied or import licences required for samples of no commercial value (except for certain specified items). Samples of commercial value (with the exception of jewellery) may be temporarily imported for up to one year and are subject to import duties. Mexico allows temporary duty-free entry of materials for display at conventions and trade fairs. No import permit is required in this instance; however, accompanying documentation should specifically state use and destination for which goods are intended.

Transportation

Canadian exports to Mexico are most commonly transported by road or rail. Companies can quote price and delivery to a U.S. border point, such as Laredo, Texas, or to destination in Mexico. In any case, most goods coming from Canada can be expedited with the aid of a good customs broker familiar with Mexican transportation, import permits, and documentation requirements. It is the recommendation of the Embassy that all exporters engage such a company.

Rail

There is regular and frequent railway service from Canada to Mexico over U.S. railway systems. The main point of entry between Mexico and the United States is Laredo, Texas. Other points of entry are Brownsville/Matamoros, Eagle Pass/Piedras Negras, El Paso/Ciudad Juarez, Nogales and Tijuana. The last two ports of entry are the most direct route for goods coming from Western Canada. At the present time, railway service in Mexico is satisfactory, with sufficient rolling stock and locomotive power.

Truck

By law, all goods, including imports, must be transported by a Mexican carrier while in Mexico. In certain cases, imports can be shipped from border points to destination in a foreign trailer, although the cab and driver must be Mexican. This practice reduces the possibility of cargo loss through theft or damage.

Mexican trucking services are generally satisfactory although delays due to poor roads and damage to goods resulting from vehicle accidents in Mexico may require the shipper to give extra consideration to insurance and packing.

Ship

Service from eastern Canadian ports to Mexico is extremely limited, although some goods, such as pulp and paper, grains and steel rails are sent regularly by charter. In the absence of scheduled liner service from Eastern Canada, exporters are obliged to use U.S. Atlantic and Gulf Coast ports to reach Mexico.

On the West Coast, Johnson Scanstar, Delta Line and Grancolombiana schedule regular sailings from Vancouver to various Mexican ports. Further information can be obtained from their Canadian agents in Vancouver, who are Johnson Scanstar-Johnson Walton Steamships Ltd.; Delta Line-Montreal Shipping Co. Ltd.; Grancolombiana-Beaufort Navigation Western Ltd.

Air Cargo

Direct scheduled air services for cargo and passengers between Canada and Mexico are available from Vancouver (Japan Airlines), Toronto (Aeromexico) and Montreal (Iberia) to Mexico City. Aeromexico's once-a-week service to Mexico City continues with a stopover in Acapulco. In addition, important seasonal charter air services are provided by the following Canadian carriers, primarily for the tourism market: Worldways, Wardair, CP Air, Quebecair.

Direct scheduled air services between Canada and Mexico are supplemented by carriers offering connections at United States points such as Los Angeles, Dallas, Chicago, Miami and New York. Thus Canadian shippers can increase their capacity and frequency options for access to the Mexican market by utilizing Air Canada or CP Air and the interline services of U.S.

carriers such as American Airlines, Western Airlines and Pan American.

Price Quotations

Prices should be quoted in the equivalent of U.S. dollars f.o.b., c.i.f. or c.&f. Mexican port of entry. In this way, it becomes the responsibility of the client to arrange the import documentation, the payment of duties and the transportation from the border to final destination.

Registration as a Supplier to the Mexican Government

The Mexican government plays a key role in the economic development of the country and in 1983 the public sector accounted for 55 per cent of total Mexican imports.

Canadian companies wishing to sell to the Mexican government and its agencies must register (and renew this registration annually) with the Ministry of Programming and Budget (SPP).

Once the SPP registration is completed, suppliers should check whether the agencies with whom they wish to do business also have special registration requirements. This is the case, for example, with the Federal Electricity Commission (CFE), Petroleos Mexicanos (PEMEX) and the National Company of Basic Commodities (CONASUPO).

Registration formalities should be undertaken at the outset of the marketing program intended for Mexico. For more information, please contact the Canadian government trade officials responsible for Mexico.

Appointment of Agent

An agent is important to successful marketing in Mexico. Normally, a local agent will promote the sale of products and services of his Canadian principal, identify new customers and opportunities and generally protect his client's interests. Under Mexican law, either party may revoke an agency agreement at any time unless otherwise agreed upon in the contract. The Commercial Division of the Canadian Embassy can recommend suitable and potentially interested agents for Canadian companies.

Mail, Telex, Courier, Telephone Service

Three to four weeks should be allowed for delivery of first-class letters from Canada to Mexico. Mail sent from Mexico to Canada usually requires 10 days to two weeks to arrive. Printed material can take several months. A customs declaration should be filled out for commercial samples. Urgent parcels or letters should be delivered by private courier.

Telex services are generally good and direct dial telephone service exists between Canada and principal Mexican cities. International long distance calls from Mexico are expensive.

Business Correspondence and Promotional Material

As a general rule, it is preferable that business correspondence and promotional material be in Spanish. If this is not possible, English is acceptable.

Translators and Interpreters

The Commercial Division of the Canadian Embassy in Mexico can arrange for interpretation and translation services on behalf of Canadian businessmen. The use of an interpreter is particularly advisable if high-ranking government officials are being met.

Banks

Five Canadian chartered banks (the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Bank of Nova Scotia, the Royal Bank of Canada and the Toronto Dominion Bank) have offices in Mexico. Over the years, they have established close relationships with Mexican financial institutions. They are not, however, permitted to engage in retail banking in Mexico. (CITIBANK is the only foreign bank with retail branches.)

Canadian companies which need financial assistance to support their activities in Mexico should initially consult their bankers in Canada. It is advisable to provide the name of your Canadian bank to your Mexican client and to suggest that payments be arranged through it.

Taxation

Mexico does not have a double taxation agreement with Canada nor with any other country. Tax laws and regulations are complex and any company planning to establish a joint venture company, arrange a licensing agreement or sell consulting services should consult a Mexican tax specialist.

Canadian firms providing consulting or engineering services in Mexico are subject to a 21 per cent withholding tax. Revenue Canada should be contacted in regard to the treatment accorded payment of this tax.

Foreign Investment and Technology Transfers

The "Law to Promote Mexican Investment and Regulate Foreign Investment" of 1973 is of major importance and is closely linked to measures that have been adopted to regulate the transfer of technology. The law is designed to strengthen national ownership of the economy without cutting off the flow of technology and capital from abroad. Generally, foreign investors are not permitted to control more than 49 per cent of a company's capital. However, the law recognizes the need for a flexible policy in this regard and, accordingly, the National Commission on Foreign Investment is empowered to make exceptions to the ownership rule in instances deemed beneficial to the Mexican economy. In January 1984, areas of the economy where majority ownership of a Mexican corporation may be allowed were specifically identified.

The "Law on the Transfer and Use of Patents and Trademarks" came into effect in 1972. It provides the Mexican government with the authority to approve contracts between Mexican and foreign firms concerning the acquisition of technology. The intent of the law is to avoid transfer of technology arrangements which could be prejudicial to Mexico's economic development. The law is administered by the Ministry of Commerce and Industrial Development, which was reorganized in 1983 in order to place the foreign investment and technology transfer review functions under a single authority.

SECOFIN's prime consideration in the review of transfer of technology contracts are the fees charged by the seller. SECOFIN may demand a reduction if they are deemed excessive. Other criteria which may be used in rejection of contracts are:
— the technology being transferred freely available in Mexico;
— R&D activities of purchase are limited by the contract;
— the foreign firm attempts to establish itself as sole supplier of materials and components;
— the supplier does not expressly assume responsibility in the case of patent or trademark infringements by third parties.

If a particular technology transaction is considered to be of special importance to the country because of its contribution to employment, balance of payments or industrial development, SECOFIN may waive some of the criteria for acceptance given in the law. Transfer of technology is broadly defined under the law. For example, sale of consulting services and computer software would be subject to its provisions.

IV. YOUR BUSINESS VISIT TO MEXICO

Market Research

If you are evaluating Mexico as a potential market for your goods and services, a good preliminary step is to contact the Mexico desk officer at the Department of External Affairs in Ottawa or the nearest Regional Office of the Department of Regional Industrial Expansion. The personnel at these offices can give you basic advice about the Mexican market and can provide information on government assistance for export marketing.

You should also write or telex the Commercial Division of the Canadian Embassy in Mexico to obtain more specific information on market conditions and an assessment of the potential demand for your product in Mexico. If you decide to continue to pursue opportunities in Mexico, the Commercial Division can arrange a program of appointments with potential agents or importers for you.

Travel and Hotel Reservations

There are currently direct non-stop flights to Mexico City from Montreal, Toronto and Vancouver. Consult your travel agent for schedules and fares. In Mexico City, frequent air service links the major centres. Upon your arrival in Mexico City, it is advisable to reconfirm your next flight. For international departures an airport tax (currently 1,600 pesos) is applicable.

There are taxi and minibus services available at a flat rate between the Mexico City airport and major hotels. Taxi service is relatively inexpensive. Fares are seldom metered, hence it is recommended that a price be agreed upon with the driver beforehand. Tourist taxis available at hotels are generally in superior condition and their drivers often speak English. Fares charged by them are somewhat more expensive.

You should book your hotel well ahead of your visit. This holds true during the height of the tourist season

(November to April) in particular. A 15 per cent value-added tax (IVA) is charged on hotel accommodation and restaurant meals.

Entry Regulations

Canadian businessmen intending only to survey the market and to develop contacts require a tourist card which is issued free of charge and is valid for six months. The card, together with a valid passport or birth certificate, must be presented on entry. Naturalized Canadian citizens must carry proof of Canadian citizenship or preferably a passport.

Those who intend to actually engage in remunerative activities in Mexico require, according to the immigration laws, a business visa. Under Mexican commercial law, a contract signed by a Canadian visiting Mexico on a tourist card would probably be valid. However, under Mexican administrative law, the Canadian, having entered into a form of business matter other than for the stated purpose of tourism, could be subject to a fine and possibly prevented from further entry into Mexico. The Embassy recommends that a business visa be obtained before engaging in such remunerative activity. Business visas can be obtained from the Mexican Embassy in Ottawa or from Mexican Consulates located in major Canadian cities. Travel cards are available from the same sources or travel agents upon issuance of airline tickets. Travel cards or business visas should be kept in a secure place while travelling in Mexico as they must be provided to officials when leaving the country.

Money

The currency unit is the peso, divided into 100 centavos. The dollar sign ($) is used to denote the peso in Mexico. In the summer of 1984, the peso stood at 140 to the Canadian dollar. However, since the peso is subject to daily devaluation, we suggest you check with your bank for the current exchange rate.

Cheques drawn on foreign banks are difficult to cash in Mexico, but travellers' cheques are generally readily negotiable in banks, hotels and restaurants. Credit cards will be accepted in most hotels and restaurants, particularly in tourist areas. Currency may be changed at the airport, hotels, banks and exchange houses

throughout the city. There are no restrictions on bringing pesos into Mexico from outside the country.

Health Requirements

There are no special health requirements which Canadian visitors must meet when entering Mexico. Those who plan to spend time in rural tropical areas are advised to take preventive measures against malaria. Further, since Mexico City sits at an altitude of 2,679 m, anyone with heart or respiratory problems should see their doctor before visiting.

Health Tips

Tapwater in Mexico is seldom safe to drink. Bottled or purified water is usually supplied in hotel rooms and served in restaurants. Salads and raw vegetables should not be eaten in any but the better restaurants. The high altitude of Mexico City in combination with the mineral content of the water can result in the affliction of even the most careful visitor with "turista". However, by not over-indulging in food or drink during the first few days of the visit, the visitor can avoid most problems.

Clothing

Canadian spring and fall weights are suitable the year round in Mexico City, although it can get chilly in the winter (December-February). A light coat would be advisable during this period. During the rainy season, which extends from May through October, it is advisable to bring a light raincoat and/or umbrella. In Mexico City, Monterrey and Guadalajara, dress is conservative, particularly for business calls. In other areas, particularly in the south, Mexican sport shirts (guayaberas) are common dress.

Hours of Business

Business hours vary considerably in Mexico City; the following are indicative only:

Canadian Embassy	9:00 a.m. to 5:00 p.m.
Business Offices	9:00 a.m. to 1:00 p.m.; offices reopen at 2:00 p.m. and close at 5:00 or 6:00 p.m., Monday to Friday.

Government Offices	8:00 a.m. to 3:00 p.m. basically, Monday to Friday, although many officials work until 8:00 p.m. Meetings are sometimes scheduled in the early evening.
Banks	9:00 a.m. to 1:30 p.m. Monday to Friday.
Shops	10:00 a.m. to 7:00 p.m. on Monday, Tuesday, Thursday and Friday; 11:00 a.m. to 8:00 p.m. Wednesday and Saturday.

Local Time

Most of Mexico is on Central Standard Time, which is six hours behind Greenwich Mean Time. This means that Mexico City is one hour behind Toronto and Montreal (EST) during the winter and two hours behind during the daylight saving time period in the summer months.

Electric Power

The electricity supply in Mexico is 60 cycles, 110/125 volts, which allows the use of North American appliances. However, brief power failures and surges are frequent.

Weights and Measures

The metric system is used throughout the country. Few Mexicans are familiar with the Imperial system.

Public Holidays

Business visits should not coincide with public holiday periods since many Mexicans take advantage of statutory holidays to plan extended personal vacations. Particularly important holiday periods are Christmas, New Year's Day, Easter, Labour Day (May 1) and the 5th of May. Most Mexicans take summer holidays in August, although more and more are vacationing in July.

The following is a list of Mexican official holidays. The Canadian Embassy is closed on those marked with * and as well observes Canadian holidays which are included in the list in brackets.

New Year's Day* — *January 1*
Constitution Day — *February 5*
Birthday of Benito Juarez — *March 21*
Holy Thursday*
Good Friday*
Labour Day* — *May 1*
Anniversary of the Battle of Puebla — *May 5*
(Canada Day) — *July 1*
Independence Day* — *September 16*
Columbus Day — *October 12*
(Thanksgiving Day) — *October*
All Saints' Day — *November 1*
All Souls' Day — *November 2*
Anniversary of the Revolution* — *November 20*
Day of Our Lady of Guadalupe — *December 12*
Christmas Eve — *December 24*
Christmas Day* — *December 25*
(Boxing Day) — *December 26*

V. EXPORT ASSISTANCE

Market Advisory Services

As a service to Canadian business, the federal government maintains trade commissioners in 67 countries around the world. These representatives provide assistance to Canadian exporters and aid foreign buyers in locating Canadian sources of supply. In addition to providing the link between buyer and seller, the trade commissioner advises Canadian exporters on all phases of marketing, including identification of export opportunities; assessment of market competition; introduction to foreign businessmen and government officials, screening and recommending agents; guidance on terms of payment; and assistance with tariff or access problems. Trade Commissioners also play an active role in looking for market opportunities and encouraging promotional efforts.

An additional source of information is the group of trade development offices of the Department of External Affairs in Ottawa. Each of these offices concentrates on markets in specific geographical regions, in this case Latin America and the Caribbean. They are the central government link in Canada for the trade commissioners overseas. In the case of Mexico, the Trade Commissioners in Mexico City are in constant contact with their counterparts in the Caribbean and Central America Trade Development Office in Ottawa (see address on title page). This office can provide the following types of general information:

— market information, including economic outlooks for individual countries and information on the market for particular products;

— market access information on tariff rates, regulations, licensing, non-tariff barriers, product standards, required documents, etc.;

— publications, including editions of this publication, guides for Canadian exporters and country briefs on smaller markets.

The trade development offices are also responsible for assisting and advising exporters on marketing their products and services and for informing businessmen

about export services provided by the Canadian government and about export opportunities as they arise.

If your company requires assistance in identifying overseas markets for your products, you should contact the nearest regional office of the Department of Regional Industrial Expansion. Their addresses are listed in Section VI of this booklet. These offices, located in each province, assist exporters with market planning and can arrange for the assistance of both the relevant Trade Development Office in Ottawa and the Trade Commissioners overseas.

Export Development Corporation

The Export Development Corporation (EDC) is a Canadian Crown corporation whose purpose is to facilitate and develop Canada's export trade.

EDC provides insurance, guarantees and export financing which, combined with financial advice and the organization of financial packages, facilitate the sale of Canadian goods and services to compete effectively abroad.

The Corporation offers the following services:

Export Insurance and Related Guarantees
— global comprehensive insurance
— global political insurance
— selective political insurance
— specific transaction insurance
— specific transaction guarantees
— loan pre-disbursement insurance
— foreign investment insurance
— performance security insurance
— performance security guarantees
— consortium insurance
— surety bond insurance
— bid security guarantees

Export Financing and Related Guarantees
— loans
— multiple disbursement agreements
— line of credit allocations
— note purchases
— forfeiting
— loan guarantees

EDC's head office is located in Ottawa (see Section VI). Regional offices are maintained in Montreal, Toronto, Vancouver and Halifax. Export insurance services are handled by these regional offices as are general inquiries on other EDC services. Inquiries about export financing for a specific geographical area should be addressed to the Manager of the appropriate department in the Export Financing Group in Ottawa.

Program for Export Market Development

The Program for Export Market Development (PEMD) is designed to assist individual firms in their particular marketing endeavours. Financial assistance is provided for the export activities listed below, in response to applications from interested companies. The government contribution is repayable to the extent that export sales result from one of the following PEMD supported activities:

— precontractual and bidding costs for specific capital projects (PEMD A);
— travel and related costs in market identification trips and market adjustment (PEMD B);
— costs of individual participation in trade fairs abroad (PEMD C);
— specified costs of bringing foreign buyers to Canada (PEMD D);
— costs associated with forming and operating an export consortium (PEMD E);
— costs associated with extended market development (PEMD F); and
— support for export market development for agriculture, food and fisheries products (PEMD FOOD).

Applications should be submitted to Regional Offices of the Department of Regional Industrial Expansion in the province in which the applicant firm is registered.

Trade Fairs and Missions

In order to further assist Canadian exporters in developing business in foreign markets, the Trade Fairs and Missions Division of the Office of Trade Development–Latin America and Caribbean, Department of External Affairs, Ottawa, organizes and implements the following trade promotion activities:

— participation in trade fairs abroad;

- trade missions to and from Canada;
- in-store promotions and point-of-sale displays; and
- export-oriented technical training for buyers' representatives.

Services to Canadian companies wishing to investigate industrial co-operation opportunities in developing countries include:
- funding for travel, profitability and risk analyses, product or technology testing;
- funding for project preparation studies as a lead-in to large capital projects;
- funding for demonstration or test projects as a lead-in to technology transfer;
- leads and information on opportunities, and on local conditions and business practice;
- assistance in locating qualified Canadians to work abroad;
- specialized training of local employees;
- professional services to cope with special situations, such as complex tax or legal problems; and
- investment missions to developing countries.

Services offered to developing countries seeking Canadian private sector participation in their economic development include:
- investment-seeking missions to Canada;
- information on Canadian technology and expertise;
- trade facilitation;
- business training in Canada and the home country;
- linkages between Canadian and local business and manufacturing organizations;
- public sector institution building in co-operation with Canadian counterpart institutions and technical assistance to businesses requiring short-term experts; and
- long-term credits for the use of Canadian consultants or experts to assist in delineating industrial development priorities, promoting and managing exports and providing direct, continuing expert advice to both the private and the public sectors of the economy.

VI. USEFUL ADDRESSES

The addresses of Canadian government trade offices responsible for Mexico appear on the title page of this booklet.

Export Development Corporation
Head Office:
110 O'Connor Street
Ottawa, Ontario

Mailing address:

P.O. Box 655
Ottawa, Ontario K1P 5T9

Cable: EXCREDCORP
Tel: (613) 237-2570
Telex: 053-4146
Facsimile: (613) 237-2690

The Export Development Corporation has offices in Vancouver, Montreal, Toronto and Halifax.

Vancouver, Montreal, Toronto and Halifax.

Canadian International Development Agency
Industrial Co-operation Division
Place du Centre
200, promenade du Portage
Hull, Quebec K1A 0G4

Tel: (613) 997-7901
Telex: 053-4140

Canadian Association for Latin America and Caribbean (CALA)
42 Charles Street East, 8th Floor
Toronto, Ontario M4Y 1T4

Tel: (416) 964-6068
Telex: 065-24034

CALA is a private sector association which plays an active role in promoting trade between Canada and Latin America and the Caribbean.

Embassy of Mexico
130 Albert Street, Suite 205
Ottawa, Ontario K1P 5G4

Tel: (613) 233-8988

Mexico has consulates in Calgary, London, Montreal, Quebec City, Toronto and Vancouver.

Regional Offices in Canada

If you have not previously marketed abroad, contact any regional office of the Department of Regional Industrial Expansion at the addresses listed below.

Alberta
Department of Regional Industrial Expansion
The Cornerpoint Building
Suite 505
10179 - 105th Street
Edmonton, Alberta
T5J 3S3

Tel: (403) 420-2944
Telex: 037-2762
Facsimile: (403) 420-2942

British Columbia
Department of Regional Industrial Expansion
Bentall Centre, Tower IV
Suite 1101
1055 Dunsmuir Street
P.O. Box 49178
Vancouver, British Columbia
V7X 1K8

Tel: (604) 661-1434
Telex: 04-51191
Facsimile: (604) 666-8330

Manitoba
Department of Regional Industrial Expansion
3 Lakeview Square - 4th Floo
185 Carlton Street
Winnipeg, Manitoba
R3C 2V2

Tel: (204) 949-4090
Telex: 075-7624
Facsimile: (204) 949-2187

New Brunswick
Department of Regional Industrial Expansion
P.O. Box 578
590 Brunswick Street
Fredericton, New Brunswick
E3B 5A6

Tel: (506) 452-3190
Telex: 014-46140
Facsimile: (506) 452-3173

Newfoundland
Department of Regional
Industrial Expansion
Parsons Building
90 O'Leary Avenue
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9

Tel: (709) 772-4884
Telex: 016-4749
Facsimile: (709) 772-5093

Northwest Territories
Department of Regional
Industrial Expansion
Precambrian Building
P.O. Bag 6100
Yellowknife, N.W.T.
X1A 1C0

Tel: (403) 873-6225
Facsimile: (403) 873-6228

Nova Scotia
Department of Regional
Industrial Expansion
1496 Lower Water Street
P.O. Box 940, Station "M"
Halifax, Nova Scotia
B3J 2V9

Tel: (902) 426-7540
Telex: 019-22525
Facsimile: (902) 426-2624

Ontario
Department of Regional
Industrial Expansion
1 First Canadian Place
Suite 4840
P.O. Box 98
Toronto, Ontario
M5X 1B1

Tel: (416) 365-3737
Telex: 065-24378
Facsimile: (416) 366-9082

Prince Edward Island
Department of Regional
Industrial Expansion
Confederation Court
134 Kent Street, Suite 4(
P.O. Box 1115
Charlottetown,
Prince Edward Island
C1A 7M8

Tel: (902) 566-7400
Telex: 014-44129
Facsimile: (902) 566-7431

Québec
Department of Regional
Industrial Expansion
Stock Exchange Tower
800 Victoria Square
P.O. Box 247
Montréal, Québec
H4Z 1E8

Tel: (514) 283-7907
Telex: 055-60768
Facsimile: (514) 283-330

Saskatchewan
Department of Regional
Industrial Expansion
Bessborough Tower
Suite 814
601 Spadina Crescent E
Saskatoon, Saskatchew
S7K 3G8

Tel: (306) 665-4400
Telex: 074-2742
Facsimile: (306) 665-439

Yukon
Department of Regional
Industrial Expansion
Suite 301
108 Lambert Street
Whitehorse, Yukon
Y1A 1Z2

Tel: (403) 668-4655
Facsimile: (403) 668-500

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Mexico

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Commercial Division
Canadian Embassy
Calle Schiller No. 529
Colonia Polanco
Apartado Postal 105-05
México D.F. 11560
México

Tel.: (011-525) 724-7900
Fax: (011-525) 724-7982

Latin America and Caribbean
Trade Division (LGT)
Department of Foreign Affairs
and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario K1A 0G2

Tel.: (613) 996-5547
Fax: (613) 996-6142

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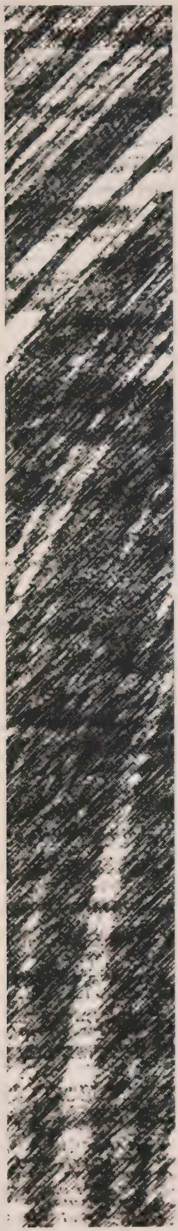

Contents

I. The Country

History

In the 12th century A.D., the Aztecs from northern Mexico settled in the Valley of Mexico, where they encountered an advanced civilization that contrasted with their warlike and nomadic ways. Initially, the Aztecs were subservient to other tribes in the area, but by 1325, their city of Tenochitilan began to dominate the valley. Through wars, alliances and marriages, the Aztecs soon extended their empire over a large part of present-day Mexico.

Within two years after the arrival of the Spanish adventurer Hernan Cortés and his soldiers in 1519, the Aztec empire ended. Initially, the Aztec Emperor Moctezuma greeted Cortés as the returning god Quetzalcoatl, whom legend held to be fair-skinned and bearded. The Spaniards were aided in their conquest by some 500 000 Indian allies who strongly resented Aztec rule.

The Spanish colonial period lasted until 1810. Spain founded cities and developed agriculture, and profited greatly from Mexico's silver wealth. Spanish colonial policy also imposed constraints on the growth of New Spain. Manufacture of even the most basic products was forbidden to ensure a captive market for Spanish goods. The agricultural sector, although it consisted of large land holdings, never became an export-oriented plantation economy. Further, only Spaniards born in Spain could hold positions in the colonial government and this was greatly resented by Spaniards born in New Spain (Creoles).

When Spain fell to Napoleon early in the 19th century, the ties with Spain were temporarily broken and resentment among the Creoles, now numbering two million, began to surface. Led by Miguel Hidalgo y Costilla, civil war broke out on September 15, 1810. After the execution of Hidalgo, this protracted war was consecutively led by José María Morelos y Pavon and Vicente Guerrero.

Mexico gained its independence in September 1821. However, the civil war had left the economy in ruin and the political system highly unstable. A series of military rulers followed who were conservative in orientation and interested primarily in personal gain.

The chaotic years (1821-1848) were followed by the presidency of Benito Juárez, a liberal, and the country adopted a new constitution which threatened the power of the conservatives. The Reform Laws introduced by Juárez expropriated all Church property (other than church buildings themselves) and clearly separated Church from State. The conservatives looked for support abroad and Napoleon III of France took the opportunity to gain a foothold in the New World. Maximilian von Hapsburg was named emperor and the French military took over most of the country. Juárez was forced to flee, but returned after the U.S. Civil War. With some support from the United States, which sought to eliminate European influence in the region, Juarez was able to defeat Maximilian and return to the presidency.

Juárez died in office and, after a period of turbulence, one of his generals, Porfirio Díaz, became president and governed for 30 years with all the excesses of a dictatorship.

The Díaz rule ended with the Revolution of 1910, led by Francisco Madero, a moderate democrat. Although the revolutionary forces quickly gained power, Madero proved to be an ineffective leader and he was soon overthrown and executed by General Huerta. A bloody civil war ensued which led to the deaths of more than one million Mexicans. The revolutionary forces of Carranza, Villa and Zapata triumphed in 1917 and the new constitution that year called for extensive land reform and firmly entrenched the rights of labour unions.

Even though the revolution ended in 1917, it was difficult for the central government to exert its authority throughout the country as local revolutionary warlords were unwilling to relinquish power. Hence, the post-revolutionary years were marked by considerable instability.

In 1929, the Partido Nacional Revolucionario (PNR) was founded as a broad-based organization that could counteract political instability by drawing support from all of Mexico's regions and major social groupings. The PNR became the Partido Revolucionario Institucional (PRI) and it held full power until 1988, when it lost its first state election to the Partido Acción Nacional (PAN).

The tripartite combination of labour, campesinos and popular sectors within the PRI has enabled it to ensure an orderly succession of presidential leadership from the time of its founding to the present day. Mexico's current president, Ernesto Zedillo Ponce de León, was elected in 1994.

Geography and Climate

Mexico has an area of 1 973 000 km^2 (equivalent to Canada's three prairie provinces). Most of the country is a highland plateau bordered by mountains. Mexico City lies at 2 240 m above sea level.

With various altitudes and latitudes and because Mexico is situated between two oceans, the climate differs considerably, ranging from tropical in the coastal lowlands to subtropical in the foothills and cooler but mild temperatures on the central plateau. A few mountain peaks such as the Popocatepetl volcano near Mexico City are perpetually snow-capped.

About 40 percent of Mexico's land receives adequate rainfall; 17 percent of the total area is arable; 48 percent is suitable for livestock; and 29 percent is forested.

Population

Population	86.6 million
Mexico City	21 million
Guadalajara	3 million
Monterrey	2.6 million
Annual growth rate	1.9%
Urban population	71%
Percent of population under 12	71%
Literacy rate	88%
Language	Spanish
Main religion	Roman Catholic

Mexico is now the largest of all Spanish-speaking countries. However, more than one hundred Indian dialects are still spoken in remote areas.

System of Government

Mexico is a federal republic divided into 31 states plus the federal district, which comprises Mexico City and the surrounding areas. The federal government delegates relatively little authority, except certain public services, to state and local governments.

Federal executive power rests with the President of the Republic, who is both head of state and head of government. Elected by direct popular vote for a single term of six years, the President's parents must be of Mexican birth.

Twenty Cabinet ministers assist the President with the executive functions. Executive power extends to a number of state-owned enterprises and agencies which are important to the Mexican economy. Among the most important are Petróleos Mexicanos (PEMEX), the Federal Electricity Commission (CFE) and the Mexican Social Security Institute (IMSS). The executive branch also controls the Department of the Federal District (DDF).

Legislative power is the responsibility of the National Congress, which is divided into two chambers. The Chamber of Deputies has 500 members elected for a three-year period. Senators are elected for six-year terms. Reforms introduced in 1993 doubled the number of senators from 64 to 128 beginning with the August 1994 elections, including one-fourth elected on a proportional representation basis.

The judicial branch consists of the Supreme Court of Justice of the Nation. Its judges have lifetime tenure and are appointed by the President of the Republic, subject to ratification by the Senate.

While there are many political parties in Mexico, the PRI has dominated the political system since it was founded in 1929. All presidents since then, and the majority of deputies and senators, have come from the PRI. The current president, Ernesto Zedillo, took office on December 1, 1994, receiving just over 50 percent of the vote. The National Action Party (PAN) took 27 percent of the vote and the Democratic Revolutionary Party (PRD) took 17 percent.

II. Economy and Foreign Trade

Economy in Transition

In recent years, the Mexican economy has undergone unprecedented changes. Started under the presidency of Miguel de la Madrid, the economic policy of openness was pursued and accelerated under the Salinas de Gortari government. The protectionist policy and the strong hold of the state on the economy have now been replaced by policies of modernization, liberalization and deregulation.

The Mexican government has implemented a series of measures to stimulate the economy and carry out structural adjustment. Through its Pact for Stability and Economic Growth (PECE, or *El Pacto*), it has brought inflation under control. Mexico's inflation rate dropped from 160 percent in 1987 to 10 percent in 1993. In 1986, Mexico joined the General Agreement on Tariffs and Trade (GATT), reducing trade barriers and opening the economy to international competition. The government has liberated foreign investment regulations to encourage the inflow of investment capital, opening up many sectors previously limited to domestic participation. In 1993, US$30 billion in new foreign investment flowed into Mexico.

The Government of Mexico has also been very active with its policy of privatization. A large number of previously state-owned enterprises have been sold to private investors, reducing the government's participation in many strategic areas. The number of public companies has fallen from 1155 in 1982 to 210 at the end of 1993. Still, government ownership of companies in key areas of national interest including oil and gas (PEMEX) and electricity (CFE) make it an influential purchaser of goods and services in these sectors.

Mexico joined with Canada and the United States in the North American Free Trade Agreement (NAFTA) in 1994. The country has also formulated trade agreements with a number of Latin American countries. The G-3 trade group was formed in 1990 to develop a broad agreement on trade and investment among Mexico, Colombia and Venezuela. A Free Trade Agreement with Costa Rica was finalized in April 1994.

North American Free Trade Agreement

On January 1, 1994 the North American Free Trade Agreement (NAFTA) came into effect, aimed at eliminating trade barriers among Canada, the United States and Mexico. The NAFTA created a free trade area of 360 million people — a market larger than the population of the European Union and one with a total North American output of $7 trillion.

For Canadian business, an important feature of the NAFTA is that it preserves and, in some cases, enhances the improved access to the United States achieved through the 1989 Canada-U.S. Free Trade Agreement (FTA). Consistent with the FTA, all Canada-U.S. tariffs will be eliminated by 1998.

Although the NAFTA will eventually remove all tariffs between the member countries, each has been allowed to protect some priority industries for limited periods of time. Nonetheless, all quotas and import restrictions on products originating in the NAFTA region have been eliminated.

The NAFTA provides significant benefits for Canadian companies interested in exporting to Mexico:

- virtually all Mexican tariffs will be eliminated within 10 years;
- immediate elimination of many Mexican import licence requirements that restrict Canadian exports;
- simplified customs procedures;
- better access to the Mexican government procurement market;
- easier temporary entry into Mexico for business people and duty exemptions for their accompanying equipment; and
- permission for rail equipment and trucks to enter through and exit from different regions.

Canadian firms are now able to expand sales in sectors that were previously highly restricted by Mexico. These sectors include autos, financial services, trucking, energy and fisheries. Several products of strategic interest to Canadian business are undergoing accelerated tariff phase-out, including: fertilizers; sulphur; aluminum ingots; agricultural, construction and resource machinery; rail and industrial equipment; selected wood pulp and paper items; telecommunications equipment; pre-fabricated housing; printed circuit boards; medical equipment; and auto parts.

The NAFTA is not a static agreement. For many Canadian firms, Mexico is a gateway to the rest of the Latin American market. In the future, other countries from the region may accede to the Agreement. In this respect, trade talks have already begun with Chile.

Mexican Gross Domestic Product

Main economic activities, 1993	**% of GDP**
Manufacturing	22.4
Social and community services (includes professional and medical services)	17.3
Agriculture, livestock, forestry and fishing	7.4
Transportation and communications	7.2
Financial services, insurance and real estate	11.4
Mining	3.5
Construction	5.4
Electricity, gas and water	1.5
Commerce, restaurants and hotels	25.6

Total GDP	**1991**	**1992**	**1993**
Total GDP ($US billion)	287	330	357
Growth rate over previous year (%)	3.6	2.8	0.4
GDP per capita ($US)	3500	3900	4100

Agriculture

Some 22 percent of the Mexican labour force was employed in the agriculture and fisheries sectors in 1990 as compared to 40 percent in 1970. However, agriculture remains an important sector of the Mexican economy; in 1993 agricultural exports accounted for over 5 percent of total exports and a similar proportion of GDP.

While Mexico is nearly self-sufficient in many basic food items and has a healthy export business, it maintains a trade deficit in agricultural products. Major imports include milk powder and skim milk, fresh and frozen meat, soybean seed, wheat, and edible oils. Mexico's major exports include fruits and vegetables, coffee, tobacco and cotton.

Several important steps have been taken over recent years to modernize Mexico's agricultural system. The Agricultural Reform Law of 1992 made significant changes to the traditional *ejido* system. The ejidos, which comprise 53 percent of the agricultural land base and employ 84 percent of the rural population, are areas expropriated by the government, following the Mexican Revolution, and distributed to the peasants. The majority of ejidos are worked by individual families, but some are either worked collectively or leased to private farmers. The reforms permit ejido members to organize and produce in the most efficient manner, buy and sell their lands, and associate with domestic or foreign investors.

The Rural Support Program known as PROCAMPO was introduced in 1993. Its purpose is to promote agricultural production by directly granting financial support to farmers growing grains and oil seeds. PROCAMPO is aimed at modifying the traditional scheme, which promoted production by means of guaranteed prices and subsidies for marketing and the purchase of inputs.

Energy

The energy sector is tightly controlled by the government. Production and marketing of hydrocarbons has been the monopoly of PEMEX since 1938. The production and distribution of electric power in Mexico are controlled by the Federal Electricity Commission (CFE), which has been forced to increase its generating capacity in order to keep up with increasing demand.

Mexico has become the world's fourth largest producer of oil from the fifth largest reserves base. The total proven hydrocarbon reserves of Mexico stood at approximately 65 billion barrels of oil as of January 1, 1994, of which 51 billion corresponded to crude oil and condensates and 14 billion to natural gas. The average production of crude oil was 2.9 million barrels per day during 1994, slightly ahead of the previous year. In 1993, PEMEX's exports of crude oil, oil products, and petrochemicals reached US$7.5 billion, while imports (excluding capital goods) amounted to US$1.4 billion. Exports were mainly destined to the United States (66 percent), Spain (15 percent), Japan (6 percent), France (2 percent) and Canada (2 percent). The principal benefits of the oil industry to the country arise from its export earnings and the substantial amounts transferred to the federal government as payment of taxes.

The Federal Electricity Commission has an installed generating capacity of 29 000 megawatts. Thermal power stations account for 61 percent of this capacity, while hydroelectric plants account for another 28 percent. Although 166 power stations exist throughout Mexico, a large share of the total generation comes from only a few modern plants. Generating capacity is increasing in order to meet projected demand for upcoming years. The country hopes to surpass 40 000 megawatts by the end of the century. Future increases in generating capacity will come from further exploitation of Mexico's hydro reserves and increased use of gas and coal for thermal generation.

Mining

Mexico's mining sector continues to play an important role in the growth of the Mexican economy. Traditionally, Mexico has been the world's largest producer of silver and it ranks as one of the top producers of fluorspar, sodium sulphate, celestite, bismuth, graphite, antimony, arsenic, barite, sulphur, lead, mercury, molybdenum, zinc and manganese. The mining sector accounted for about 3 percent of GDP and 1 percent of export earnings in 1993.

Investment in the mining industry is increasing due to the enactment of the recent Mining Law (1992). The law allows majority foreign investment in mines, increases mining extraction concessions from 25 to 50 years, and extends exploration concessions from 3 to 6 years. New investment (domestic and foreign) in mining exceeded US$360 million in 1993.

Canada has been a traditional supplier of mining equipment and related services to Mexico, selling mostly to the country's four major mining companies, which control as much as 80 percent of total production — Industrial Peñoles, Grupo Industrial Minera de México (IMMSA), Empresas Frisco, and Corporación Industrial San Luís. Canada's largest exports of mining equipment, in 1993, were parts for extraction equipment, conveyor belts, self-propelled trucks, parts for crushing and grinding machines, smelting furnaces and drilling equipment. In addition, over 80 Canadian mining companies are active in Mexico, primarily through co-investments in specific mining projects.

Mexico will likely continue to turn to Canada for its equipment, technology, exploration and exploitation know-how, for information on competitive operating environments, and for Canadian investment. Based on past involvement in the mining sector, Canada will have an opportunity for even stronger relations and will continue to share in the economic benefits.

Manufacturing Industries

Manufacturing in 1993 accounted for over 22 percent of Mexico's GDP and employed close to 20 percent of its workforce. There has been a steady expansion in manufacturing production over the last five years, reflecting growing exports of several products such as automobiles and automotive parts, machinery and electronic components and equipment.

The principal manufacturing industries include automobile and auto parts, steel manufacturing, textiles, food processing, breweries, glass, chemicals and petrochemicals, and cement and other materials for the construction industry. Between 1980 and 1987, Mexico shifted from being a net importer to a substantial exporter of motor vehicles.

Many companies are improving their products and quality control in order to compete with the flood of foreign goods entering the market as a consequence of the lowering of import duties. In recent years, manufactured goods have even surpassed oil as the principal export item.

In-bond Industry

Mexico's in-bond processing industry, the *maquila* companies or *maquiladoras*, have shown the highest growth rates of any industry during the last few years. These companies, the majority of which are located near the U.S. border, are usually wholly owned by a foreign corporation with which the maquiladora contracts to produce semi-finished or finished goods for shipment to the foreign country. The parent company provides most of the necessary machinery and equipment and furnishes the principal raw materials or parts to be processed or assembled, all of which are usually imported duty-free under bond and remain the property of the foreign company. The maquiladoras currently account for over 50 percent of non-oil manufacturing exports and 20 percent of total employment in Mexico's manufacturing sector.

Transportation and Communications

By 1994, Mexico had some 250 000 km of highways of which 95 000 were paved. The government has embarked on an ambitious program of road construction to enhance the federal highway system. Over 6 000 km of new highway were built between 1990 and 1994, with plans for a further 3 000 km by the year 2000. Many of the new highways have been built under the toll road concession program with the active participation of the private sector, not only as a builder, but also as an equity holder, licensor and operator. The main method of transporting cargo in the country is via the highway system: roughly 60 percent of total cargo is transported on the highways.

The principal railroad is the government-owned Ferrocarriles Nacionales de México (FNM), which operates a 26 000 km network, with traffic concentrated in about 9 percent of the total routes. In the past few years, FNM has focused on modernizing the 12 000 km stretches that account for 96 percent of the traffic flow. One major goal is to improve the in-land cargo and intermodal terminals to meet the increasing demand for container handling. An intermodal terminal is now in operation in Pantaco, Mexico City, and several others are under construction in Monterrey and Guadalajara.

Changes to the Railway Act introduced in early 1995 will now allow for private-sector participation in: 1) the marketing of cargo and passenger services; 2) intermodal terminal services and operation; 3) locomotive leasing and ownership of cargo equipment; 4) maintenance of rolling stock; 5) track maintenance; and 6) equipment supply and technical consulting for traffic control and telecommunications.

The Mexican port system is comprised of 22 ports of major commercial importance, as well as many small fishing ports, oil facilities and marinas. In 1992, the total volume of cargo handled in national ports reached 175 million tons, 70 percent of which were oil and oil products. Approximately 33 percent of total foreign trade and 4 percent of domestic merchandise transportation are handled by Mexico's port network. Additionally, two million passengers are transported annually through Mexican ports, making this country the second largest market for cruises. Mexico's main eastern ports are Veracruz and Altamira on the Gulf of Mexico, while the Pacific coast is served by Lázaro Cárdenas and Manzanillo. Minor ports complete the service along Mexico's extensive coastline. Mexico's port authority, Puertos Mexicanos, has launched a major program of privatization and modernization to increase productivity of the port network. The initial focus is on the integration of different transportation modes to increase cargo movement through the use of containers.

Mexico's airport infrastructure consists of 58 airports and four state-owned airports; of these, 38 maintain facilities for international flights. Although the airports are widely dispersed throughout the country, they are mostly concentrated in central Mexico, in the triangular zone between Monterrey, Puerto Vallarta and Acapulco, an area which includes Guadalajara and Mexico City. Considerable investment in airport facilities will be needed throughout the country. Based on rapid growth in passenger demand over the last five years, serious congestion is predicted for the airport terminals in Mexico City, Cancún, Guadalajara, Tijuana, Puerto Vallarta, Monterrey and Acapulco. A second international airport for Mexico City is currently being planned.

The two Mexican airlines with international routes, Mexicana and Aeromexico, were owned by the government until 1989, when they were privatized. Aeromexico now owns 44 percent of Mexicana.

Since the privatization of its telecommunications system, Mexico has maintained an annual growth rate of 12 percent in its network. At the end of 1993, the network accounted for over 7.8 million lines. The telephone monopoly, Teléfonos Mexicanos (Telmex), has pledged to extend this network to 9.6 million lines by the end of 1995. Demand for telephone services has increased dramatically. There has been an overall national growth rate of 12 percent from 1988 to 1994 in local phone calls, with an international growth rate of 18 percent for the same period. Conference calls have increased at an annual rate of 29 percent.

Until 1996, Telmex will continue to be the only public service long-distance carrier. However, applications are now being accepted for new licences. The licensees will be able to compete with Telmex beginning in August 1996. In 1989, the government opened up the cellular phone market to competition. The cellular industry has grown steadily with a total of 435 000 users in a few short years. In addition to Telmex, private investors are now allowed to provide other telecommunications services: paging services, value-added services, cable TV, and VSAT technology satellite networks.

The Environment

One of Mexico's greatest challenges is to ensure that development is consistent with sound and sustainable environmental practices. Increased public pressure coupled with a strict new federal law on environmental protection has created a growing demand for anti-pollution equipment and related services. Imports are providing much of the required expertise, especially for industrial and municipal wastewater treatment, potable water treatment, forestry conservation and management, and air pollution control. Several Canadian firms are already co-operating with the Mexican government in a variety of projects and in standards enforcement.

Mexican Foreign Trade

Foreign Trade Trends (US$ millions)

Year	Exports	Imports	Balance of Trade
1989	35 171	34 766	405
1990	40 711	41 593	-882
1991	42 688	49 967	-7 279
1992	46 196	62 129	-15 933
1993	51 833	65 368	-18 669

Source: Bank of Mexico

Mexican Foreign Trade — Major Products

Exports (percent)	1985	1993
Automobiles and transport equipment	7.3	24.3
Crude oil	61.4	21.6
Chemical products	3.1	7.0
Electric and electronic equipment	0.8	5.7
Iron and steel	1.1	3.6
Textiles and leather goods	0.9	3.3
Oil by-products	6.2	2.4
Fresh vegetables	0.7	2.2
Computers	0.3	2.0
Machinery parts	0.3	1.7
Glass and glass products	0.7	1.5
Cattle	0.9	1.5
Fresh fruit	0.4	1.4
Copper (in bars)	0.0	1.1
Photographic appliances	0.1	1.0
Mining	2.4	0.9
Wood products	0.3	0.9
Frozen shrimp	1.5	0.9
Coffee	2.3	0.8
Petrochemical products	0.5	0.7
Canned fruits and vegetables	0.4	0.7
Others	8.4	14.8

Source: Bank of Mexico

Imports (percent)	1985	1993
Automobile parts	18.0	18.5
Electric and electronic equipment	7.5	10.6
Chemical products	9.4	9.0
Iron and steel	5.1	4.5
Textiles and leather goods	1.0	4.3
Paper	2.9	3.6
Computers and parts	2.2	3.4
Plastic and rubber products	1.6	3.1
Professional and scientific equipment	2.3	2.2
Fuel oil and gasolines	1.1	1.8
Metallurgy	2.6	1.5
Metalwork machinery	1.4	1.3
Photographic appliances	0.8	1.2
Petrochemical products	4.8	1.2
Fresh and frozen meat	0.7	1.1
Soybean seed	1.9	1.1
Pumps and turbo pumps	1.7	0.9
Airplanes and parts	0.7	0.9
Wood products	0.3	0.8
Milk powder and skim milk	0.7	0.8
Sorghum	1.8	0.8
Edible oils and fats	0.6	0.7
Textile machinery and parts	0.9	0.5
Others	30.0	26.1

Source: Bank of Mexico

Main Trading Partners

The United States is by far Mexico's largest trading partner. Including in-bond industry (maquiladora) shipments, some 71 percent of Mexico's 1993 imports were sourced in the United States and 83 percent of Mexican exports went to the United States. In 1993, Japan supplied 5.2 percent of Mexico's imports followed by the Federal Republic of Germany (4.3 percent), Spain (1.8 percent), Canada (1.8 percent) and Brazil (1.8 percent).

Canada-Mexico Trade and Investment

Mexico is Canada's most important trading partner in Latin America and thirteenth largest trading partner worldwide. Two-way trade with Mexico is expected to surpass $5 billion by 1996. With the NAFTA in place, Mexico is anticipated to become one of Canada's top five trading partners in the near future.

Canadian exports to Mexico totalled $817.1 million during 1993, while imports for the same period totalled $3.6 billion. The major Canadian exports to Mexico are motor vehicle parts, wheat, seeds, iron and steel products, electrical equipment, meat and livestock, bituminous coal, paper and wood pulp, dairy products, and aircraft and parts. The main Canadian imports from Mexico are automotive vehicles and parts, electrical equipment, audio equipment and parts, petroleum oils, engines and parts, ignition wiring sets, data-processing machines and parts, air conditioners and parts, filtering/purifying machinery and parts, glass and glassware, optical equipment, fruits and nuts, and vegetables.

Canadian direct investment in Mexico continues to grow and currently totals over $750 million.

III. Doing Business With Mexico

Market Opportunities

The information in Chapters I and II is intended to familiarize the reader with Mexico so that a preliminary assessment of the country's market opportunities for products and/or services can be made. Canadian exporters will find opportunities in almost all sectors, including transportation (rail, ports, roads, airports); telecommunications; energy (oil and gas); electric power generation and transmission; automotive parts; agriculture and food; mining; environmental services and equipment; and consumer goods.

Foreign Exchange System

Mexico currently (February 1995) does not maintain currency controls on foreign exchange and there are no federal restrictions relating to the transfer of dollars or other foreign currencies out of the country. There are no restrictions on the repatriation of capital, dividends, royalties, technical assistance fees or profits, although there are taxes that will apply.

Customs

It is important to remember that the NAFTA creates a free trade area, not a common market; that is, customs administrations will still exist for both NAFTA originating and non-originating goods.

Mexican tariffs are calculated on an ad valorem basis; that is, they are assessed on the value of merchandise when it arrives in Mexico. The tariff is usually calculated on the basis of the original cost of the merchandise plus the cost of insurance and freight to the Mexican border. Mexico also collects a value-added tax (IVA) of 10 percent, similar to Canada's GST, whenever the ownership of the goods changes. In addition, a customs processing fee (CPF) of 0.8 percent is calculated on the same ad valorem basis as tariffs. All customs duties must be paid at the time the goods clear Mexican Customs. Customs will not release the goods until the import declaration (*Pedimento de Importación*) is presented, proving payment of import duties and other taxes. Canadian exporters may consult the Latin America and Caribbean Trade Division at the Department of Foreign Affairs

and International Trade (DFAIT) in Ottawa or the Canadian Embassy in Mexico for current information on import tariff requirements.

Documentation Requirements

Every product exported to Mexico requires a specific set of accompanying documents. Local agents or representatives are able to help ensure that documentation requirements are met. At a minimum, all shipments require the following:

- a commercial invoice;
- a packing list specifying contents;
- a bill of lading or air waybill; and
- a certificate of origin.

Mexican importers are liable to pay fines and imported goods may be delayed during customs clearance or returned to point of origin if documentation requirements are not complied with exactly.

The commercial invoice must be signed by the exporter, showing the marks, numbers, types and quantities of products being shipped. The document must be presented in its original form with up to 11 copies. A Spanish translation must accompany the English original. The invoice must show all costs including an itemization of the freight charges and insurance.

For most products an import permit is not required. However, Mexican importers must obtain sanitary and phytosanitary certificates from the appropriate ministries for food, animal and plant products. All processed foods must be registered with the Health Ministry prior to their distribution.

Custom brokers can provide full details regarding documentation requirements and methods of shipping. The Latin America and Caribbean Trade Division at DFAIT in Ottawa or the Commercial Division of the Canadian Embassy in Mexico City are also sources of information.

Commercial Samples

Samples having no commercial value are not liable for taxation. Commercial, bank, consular or customs declarations must clearly certify that such goods are samples, or sample collections.

Materials for display at conventions and trade fairs are allowed duty-free entry into Mexico on a temporary basis. Documentation for such goods should clearly indicate the use and destination for which they are intended. A bond is usually placed on capital goods to be exhibited at such events. The bond is cancelled upon re-export of the goods.

Transportation

In recent years, improvements in the transportation system between Canada and Mexico, along with reforms to Mexico's customs procedures and transport legislation have combined to provide the exporter with a wider range of options and enhanced service when shipping cargo to Mexico. Road transport is the primary mode for the movement of goods to and from Mexico, handling 45 percent of Canada's exports (by value) and 66 percent of imports from Mexico.

Truck. Currently, Mexican transportation laws require that all goods be transported in the country by a Mexican carrier over national highways. The law does not restrict the use of a foreign trailer to move goods from a border point to a destination inland provided the cab has Mexican registration and the driver is a national. Over a 10-year period, the NAFTA will allow Canadian trucking firms greater access to the Mexican market. This should increase the choices available to Canadian cargo shippers and allow for goods to be delivered directly into Mexico from Canada by one trucking company. Domestic carriers within each country will maintain exclusive rights to haul domestic cargo on domestic routes. However, for international traffic, as of December 17, 1995 Canadian and U.S. truck operators will be able to provide cross-border truck deliveries of international cargo to, and pick up international cargo in, all the Mexican border states. Beginning January 1, 2000, Canadian and U.S. trucking firms will be allowed to make cross-border pickups and deliveries of international cargo to or from any point in Mexico.

Rail. Goods move regularly by rail from Canada to Mexico via the U.S. railway systems, which provide service to the principal points of entry along the Mexico-U.S. border — Laredo/Nuevo Laredo, Brownsville/Matamoros, Eagle Pass/Piedras Negras, El Paso/Ciudad Juárez, Nogales and Tijuana. The Mexican railway system connects Nogales, El Paso, Piedras Negras and Nuevo Laredo with the principal cities and urban communities in the interior. The customs pre-clearing system for entry of rail

cars into Mexico (*despachio previo*) has greatly improved rail efficiency and border crossing times. Railway cars, and in some cases locomotives, now cross into Mexico with minimum delay. As a result, rail shipments can clear the border as fast as or faster than truck shipments.

Shipping. Maritime shipping rates are very competitive with rail and road rates, although marine shipping is slower. For some shipments however (e.g. bulk grains, oil) marine transport is highly suitable, and for particularly large shipments of any kind, marine transport rates can be very competitive. For containerized cargo, direct scheduled service exists between Saint John, New Brunswick and Veracruz. For general cargo entering Mexico by sea, exporters can expect a four- to five-day delay, in addition to transit times of 10-20 days, as goods clear customs and are moved to an importer's warehouse. Most marine shipments are transferred to trucks at Mexican ports for shipment into the interior.

Early in 1993, a rail-barge service was inaugurated between Galveston, Texas and several Mexican ports for onward movement by rail.

Air. Air transport is often used for the movement of high-value items (e.g. electronics, aircraft parts, pharmaceuticals, precious stones and metals, flowers) between Canada and Mexico. In addition to direct scheduled air services between Vancouver and Toronto and Mexico City, Canadian shippers can increase their capacity and frequency options to Mexico by using Air Canada or Canadian Airlines in conjunction with the interline services of U.S. carriers such as American Airlines, Delta, Northwest and others to connect from points in the United States to points in Mexico.

Administrative and customs clearing procedures at Mexican airports can be accomplished within hours with the proper documentation, otherwise the procedure can take up to three days.

Price Quotations

Exporters have three main options with respect to terms of sale: Free on board (FOB) the Canadian plant; Cost, insurance, freight (CIF) at the U.S.-Mexico border; or CIF at the Mexican destination.

Under the first option, the exporter shifts all responsibility for transportation to the importer, but at the same time loses control over choice of carrier, routing, freight rates and transit time. Under the second option, CIF at the U.S.-Mexico border, the exporter's responsibilities end when the shipment reaches a border crossing; for example, Laredo. Matters such as customs clearing, import licensing, import duties, transportation, warehousing and distribution within Mexico become the responsibility of the Mexican importer.

Increasingly the exporter is being asked to offer the third option, a landed price at the Mexican destination. In this case, the services of either a carrier offering door-to-door service or a freight forwarder will be especially useful.

Exporters should be aware that there is a 10 percent value-added tax (IVA) on the total freight charges within Mexico.

Registration as a Supplier to the Mexican Government

As of June 1992, changes in Mexican procurement law removed the requirement that contractors first register with the Mexican federal government before competing for government contracts. Each government entity is responsible for its own procurement program; however, many have adopted the old federal registration procedure internally. An investigation of the registration formalities of the various entities you wish to do business with should be undertaken at the outset of your marketing program intended for Mexico. For more information, contact the Commercial Division of the Canadian Embassy in Mexico.

Appointment of an Agent

An agent can be important to successful marketing in Mexico. Normally, a local agent will promote the sale of products and services of a Canadian principal, identify new customers and opportunities and generally protect a client's interests. Under Mexican law, either party may revoke an agency agreement at any time unless otherwise agreed to in the contract. The Commercial Division of the Canadian Embassy can recommend suitable and potentially interested agents to Canadian companies.

Mail, Fax, Courier, Telephone Service

Three to four weeks should be allowed for delivery of first-class letters from Canada to Mexico. Mail sent from Mexico to Canada usually requires 10 days to two weeks to arrive. Printed material can take several months. A customs declaration should be filled out for commercial samples. Urgent parcels or letters should be delivered by private courier.

Fax communication is widely used and good direct-dial telephone service exists between Canada and principal Mexican cities. International long-distance calls from Mexico are expensive.

Business Correspondence and Promotional Material

As a general rule, it is preferable that business correspondence and promotional material be in Spanish. If this is not possible, English can be used.

Mexican Names and Titles

It can be confusing at first to understand the proper use of Mexican last names. Mexicans use both their father's and their mother's last names. For example, José González García comes from the González (father) and the García (mother) families. The father's family name is the one that is normally used, therefore, José González would be the proper form of address. The full name is generally used in correspondence.

Educational titles are often used in addressing Mexicans, both in person as well as in correspondence. *Licenciado(a)* before a name refers to a college graduate; *Ingeniero(a)* to an engineer; *Doctor(a)* to a Ph.D. It is common to refer to someone as Ingeniero José González, or Ingeniera María Garza.

Translators and Interpreters

The Canadian Business Centre in Mexico City can arrange for interpretation and translation services on behalf of Canadian business people. The use of an interpreter is particularly advisable if high-ranking government officials are being met.

Banks

Five Canadian chartered banks — the Canadian Imperial Bank of Commerce, the Bank of Montreal, the Bank of Nova Scotia, the Royal Bank of Canada and the National Bank of Canada — have offices in Mexico. Over the years, they have established close relationships with Mexican financial institutions.

In October 1994, Mexico's Finance Secretariat granted approval, for the first time, for foreign banks, brokerage houses, insurance firms and financial holding groups to open subsidiaries in Mexico.

Canadian companies that need financial assistance to support their activities in Mexico should initially consult their banks in Canada. It is advisable to provide the name of your Canadian bank to your Mexican client and to suggest that payments be arranged through it.

Two Mexican banks, Banco Nacional de Mexico (BANAMEX) and Banca Serfin, have offices in Toronto.

Taxation

Companies that create a permanent establishment in Mexico, or employ a sales agent who has the power to execute contracts will be subject to Mexican taxes on the income earned within the Mexican territory. The corporate income tax rate is 34 percent, reduced from 42 percent in 1991.

On January 1, 1992, Canada and Mexico entered into a convention on taxes, which had the effect of ensuring individuals and corporations were not subject to double taxation as a result of doing business in the other country. The convention is administered by Revenue Canada and the Secretaría de Hacienda y Crédito Público. The main advantage of the convention for Canadian companies is that the remittance of dividends from an affiliated company in Mexico, which is carrying on active business and in which the Canadian investor owns a minimum of a 10 percent interest, is tax free after payment of applicable taxes in Mexico. The withholding tax provisions of the convention have been superseded by more advantageous provisions recently introduced to Mexican tax law. This was the first comprehensive double taxation convention signed by Mexico and is generally patterned on the model double taxation conventions prepared by the United Nations and the Organization for Economic Co-operation and Development (OECD).

Tax laws and regulations are complex and any company planning to establish a joint-venture company, arrange a licensing agreement or sell consulting services should consult a Mexican tax specialist.

Foreign Investment

In May 1989, the Mexican government announced a sweeping revision of regulations governing domestic and foreign investment in Mexico which increased the flow of investment capital and helped to stimulate economic growth.

Key changes within the National Foreign Investment Commission (CNIE), which receives, reviews and approves proposals, have made the process simpler and expeditious. For example, CNIE authorization is automatic provided that upon registration, a proposal:

- involves an investment of less than US$100 million during the pre-operative period;
- is funded from abroad;
- is located in areas other than Mexico City, Monterrey or Guadalajara (this applies only to industrial facilities);
- will balance its foreign exchange needs over the first three years;
- will create jobs; and
- meets environmental regulations.

Even when a project is only partially in accordance with these conditions, approval will be automatic if a formal response from the CNIE is not received by the applicant within 45 days.

In addition, foreign investors may now own up to 100 percent of the project in certain unrestricted sectors.

As Mexico moves further toward deregulating many areas of the economy, foreign investment opportunities are constantly improving. Current information on which sectors are open for foreign participation and the limits to ownership can be obtained by contacting the Mexican Investment Board, the Mexican Embassy in Ottawa, or from consular offices operated by Bancomext in Vancouver, Toronto, and Montréal (see Chapter VI for more information).

IV. Your Business Visit

Market Research

If you are considering Mexico as a potential market for your goods and services, a good preliminary step is to contact the Mexico desk officer at DFAIT in Ottawa or the nearest International Trade Centre, which is co-located with regional offices of Industry Canada. Trade commissioners can advise you on the Mexican market and provide information on government assistance for export marketing. As well, DFAIT has produced a series of market studies, guides and publications on a wide range of Mexican industry sectors. For a current listing of the market reports and publications that are available, contact the InfoCentre at DFAIT (see Chapter VI).

You should also contact the Commercial Division of the Canadian Embassy in Mexico to obtain specific information on market conditions and an assessment of the potential demand for your product in Mexico. The Commercial Division can arrange a program of appointments with potential agents or importers for you.

Canadian Business Centre in Mexico City

Centrally located in downtown Mexico City, the Canadian Business Centre is a new service offered at competitive rates through DFAIT's Access North America program. The Centre is part of an overall strategy to help Canadian companies take advantage of emerging business opportunities in Mexico. The Centre hosts a number of industry-specific trade shows, maintains fully equipped temporary offices and meeting rooms, and offers translation and administrative services. For more information see Chapter VI.

Travel and Hotel Reservations

Commercial airlines provide scheduled flights from Montréal, Toronto and Vancouver to Mexico City. Canadian Airlines International operates a flight that originates in Montréal, stopping in Toronto en route to Mexico City (and, beginning in May 1995, to Monterrey). Japan Airlines (JAL) flies direct from Vancouver to Mexico City. Consult your travel agent for schedules and fares. Frequent internal flights link Mexico's major centres. Upon arrival in Mexico City, it is advisable to reconfirm your next flight. For international departures an airport tax is applicable and is usually included in the cost of your international ticket.

There are taxi and minibus services available at a flat rate between the Mexico City airport and major hotels. Pre-pay your taxi fare in the arrivals area of the airport. Taxi service is relatively inexpensive. Fares are often not metered, hence it is recommended that a price be agreed upon with the driver beforehand. Tourist taxis available at hotels are generally in superior condition and their drivers often speak English. Fares charged by them are more expensive. You should book your hotel well ahead of your visit. This holds true during the height of the tourist season (November to April) in particular. A 10 percent value-added tax (IVA) is charged on hotel accommodation and restaurant meals, where tips ranging from 10 to 15 percent are expected.

Entry Regulations

If you enter Mexico for business purposes, you must obtain one of several categories of business visas. The card and a valid passport or birth certificate must be presented on entry.

Within the NAFTA framework, Mexican immigration authorities have issued a new migratory form for Canadian and U.S. persons going to Mexico, on business, for less than 30 days. This form, referred to as the FMN (Forma Migratoria de Negocios), is intended for persons travelling to Mexico for business discussions, conferences, trade fairs, commercial purposes or to provide after-sales service to their clients in Mexico. The FMN is free of charge, does not require the presentation of passport or pictures to obtain it and is available from Mexican Consulates, ports of entry, and airline companies.

More permanent employment in Mexico requires different visas, depending on the nature of the work and the privileges the Canadian worker will be granted. In general, FM3s are needed for temporary stays up to a year and FM2s are required for longer stays or immigration.

Although some business people enter Mexico for preliminary business purposes using only a tourist visa, this is not advised. Even if you will not receive remuneration for your efforts or are just in the planning stages, you must apply for and receive the proper business visa. It is important to remember that contracts or other legal documents signed in Mexico by persons who have not obtained the proper status for the purpose of doing business in Mexico may not be considered to be legally binding.

Business visas can be obtained from the Mexican Embassy in Ottawa or from Mexican Consulates located in Vancouver, Toronto, and Montréal. Tourist cards are available from the same sources or travel agents upon issuance of airline tickets. Tourist cards or business visas should be kept in a secure place while travelling in Mexico as they must be presented to officials when leaving the country.

Money

On January 1, 1993 a new monetary system was established. The new unit of currency, the "New peso," is worth 1000 of the pesos that were used up to December 31, 1992. The New peso is divided into 100 centavos. The dollar sign with the letter N preceding it (N$) is used to denote it. Within Mexico, the N is often dropped and only the dollar sign used.

Cheques drawn on foreign banks are difficult to cash in Mexico, but travellers' cheques are generally negotiable in banks, hotels and restaurants. Credit cards are accepted in most hotels and restaurants, particularly in tourist areas. Currency may be changed at the airport, hotels, banks and exchange houses. There are no restrictions on bringing pesos into Mexico from outside the country.

Health Requirements

There are no special health requirements for Canadian visitors to meet when entering Mexico. Those who plan to spend time in rural tropical areas are advised to take preventive measures against malaria. Further, since Mexico City is at an altitude of 2 679 m, people with heart or respiratory problems should consult with a doctor before visiting.

Health Tips

Tap water in Mexico is seldom safe to drink. Boiled or purified water is usually supplied in hotel rooms and served in restaurants. Salads and raw vegetables should not be eaten in any but the better restaurants. The altitude of Mexico City in combination with the mineral content of the water can result in the affliction *turista* to even the most careful visitor. By not over-indulging in food or drink during the first few days of a visit, you can usually avoid most problems.

Clothing

Canadian spring and fall clothes are suitable throughout the year in Mexico City. As it can get chilly in the winter (December - February), a lightweight coat would be advisable. During the rainy season, which extends from May through October, it is advisable to bring a light raincoat and/or umbrella. The climate in Monterrey is subject to extremes — very hot in the summer (30 to 40°C) and cold in the winter. In Mexico City, Monterrey and Guadalajara, dress is conservative, particularly for business calls. In other areas, particularly in the south, Mexican sports shirts (*guayaberas*) are common dress.

Hours of Business

Business hours vary considerably in Mexico City. The following are indicative only:

Canadian Embassy	9:00 a.m. to 5:00 p.m. (lunch 1:00 to 2:00 p.m.) Monday to Friday
Business Offices	9:00 a.m. to 2:00 p.m.; offices reopen at 3:00 p.m. and close at 6:00 or 7:00 p.m. Monday to Friday
Government Offices	8:00 a.m. to 3:00 p.m. basically, Monday to Friday, although many officials work until 8:00 p.m. Meetings are sometimes scheduled in the early evening.
Banks	9:00 a.m. to 1:30 p.m. Monday to Friday
Shops	10:00 a.m. to 7:00 p.m. on Monday, Tuesday, Thursday and Friday; 11:00 a.m. to 8:00 p.m. Wednesday and Saturday

Local Time

Most of Mexico is on Central Standard Time, which is six hours behind Greenwich Mean Time. This means that Mexico City, Guadalajara, and Monterrey are all one hour behind Toronto and Montréal (Eastern Standard Time) during the winter and two hours behind during the Daylight Savings Time period in the summer months.

Electric Power

The electricity supply in Mexico is 60 cycles, 110/125 volts, which allows the use of North American appliances. However, brief power failures and surges can be experienced.

Weights and Measures

The metric system is used throughout the country.

Public Holidays

Business visits should not coincide with public holiday periods since many Mexicans take advantage of statutory holidays for extended personal vacations. Important holiday periods are Christmas, New Year's Day, Easter, Labour Day (May 1), May 5, and September 16. Most Mexicans take summer holidays in August, although more and more are vacationing in July.

The following is a list of official Mexican holidays. The Canadian Embassy is closed on those marked with * and on Canadian holidays, which are included in the list in brackets.

New Year's Day *	January 1
Constitution Day	February 5
Birthday of Benito Juárez	March 21
Holy Thursday *	
Good Friday *	
Labour Day *	May 1
Anniversary of the Battle of Puebla	May 5
(Canada Day)	July 1
Independence Day *	September 16
Columbus Day	October 12
(Thanksgiving Day)	
All Saints' Day	November 1
All Souls' Day	November 2
Anniversary of the Revolution	November 20
Day of Our Lady of Guadalupe	December 12
Christmas Eve	December 24
Christmas Day *	December 25
Boxing Day *	December 26

V. Federal Export Assistance

Market Advisory Services

As a service to Canadian business, the federal government maintains trade officers in 67 countries around the world. These representatives provide assistance to Canadian exporters and help foreign buyers locate Canadian sources of supply. In addition to providing the link between buyer and seller, the trade officers advise Canadian exporters on all phases of marketing, including:

- provision of economic/political information on the country;
- identification of export opportunities;
- market competition assessment;
- introductions to foreign business persons and government officials;
- screening and recommending of agents;
- supplying guidance on terms of payment; and
- assistance with tariff or access problems.

Trade officers also play an active role in identifying market opportunities and encouraging and organizing promotional efforts.

The geographic trade divisions at DFAIT in Ottawa are another valuable source of information. Each division concentrates on markets in a specific geographical region and provides the central government link in Canada for trade officers abroad.

Export Development Corporation

The Export Development Corporation (EDC) is a customer-driven services corporation dedicated to helping Canadian business succeed in the global marketplace. EDC facilitates export trade and foreign investment through the provision of risk management services, including insurance, financing and guarantees, to Canadian companies and their global customers.

EDC's programs fall into four major categories

- Export credit insurance, covering short- and medium-term credits.
- Performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations normally issued either by banks or surety companies.

- Foreign investment insurance, providing political risk protection for new Canadian investments abroad.
- Export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

How to Apply

Start by calling EDC to discuss your project. It is important that you communicate with EDC at the earliest stages of the export transaction. Initial contact may be made through EDC regional offices (see Chapter VI). This may be followed by involvement with specialists at the head office in Ottawa, depending upon the technical and financial complexity of the project.

Program For Export Market Development

The Program for Export Market Development (PEMD) helps incorporated Canadian businesses, professional firms and national non-profit organizations to develop, increase and sustain their international activities by sharing with them the costs of specific export marketing efforts. PEMD may provide up to 50 percent of the costs incurred by a company in its development of new markets. These contributions are repayable if sales are made to that market within a certain period of time as a result of the PEMD-supported activity.

There are several elements of the program, each designed to meet a specific circumstance in the development or expansion of an export market.

Market Development Strategies

Market Development Strategies (MDS) recognizes the need for longer market planning horizons in an increasingly competitive international marketplace. MDS will provide financial support for a package of marketing initiatives based on a company's marketing plan. Eligible activities include:

- the costs of participation at trade fairs;
- target market visits;
- foreign buyer visits;
- product testing by foreign standards agencies;
- legal fees for marketing agreements abroad;
- transportation costs to Canada for overseas trainees; and
- production of a video, literature or brochure specifically designed for a target market.

New-to-Exporting Companies

This element of PEMD recognizes that a significant number of Canadian companies have no export experience and lack a consistent capability to export or even develop an international marketing strategy. A maximum contribution of $7 500 is available to such companies for either a market identification visit or participation at an international trade fair.

Capital Projects Bidding

This element is designed to assist Canadian engineering, construction, architecture and management consulting firms in preparing a proposal, against international competition, for major capital projects outside Canada. The bid value to the applicant must be greater than $1 million and the PEMD contribution is a minimum of $5 000 and a maximum of $50 000. Preference is given to companies with annual sales greater than $250 000 and less than $10 million, and/or with less than 100 employees for a firm in the manufacturing sector and less than 50 in the service industry.

Special Activities

The Special Activities element provides assistance to national or major non-sales sectoral industry or trade associations.

Eligibility

To be an eligible applicant, a firm must:

- be incorporated (federally or provincially) and currently established and operating in Canada;
- be registered in WIN Exports or the Business Opportunities Sourcing System (BOSS); and
- have a demonstrated capacity to undertake the project under review.

Applications for PEMD assistance for MDS and New-to-Exporting Companies are to be submitted to your local International Trade Centre. Forward applications for Capital Projects Bidding and Special Activities to:

Export and Investment Programs Division (TPE)
Department of Foreign Affairs and International Trade
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Fax: (613) 995-5773

General Inquiries

For further information on the PEMD Program and/or general export information contact your Industry Canada Regional Office, International Trade Centre, or call DFAIT's InfoCentre at 1-800-267-8376 or (613) 944-4000 (Ottawa-Hull).

Publicity

CanadExport, a bimonthly newsletter, contains articles and reports on export opportunities, government programs and services that assist exporters, international market conditions and terms of access, business news and upcoming events (trade fairs, official trade visits, conferences) and Canadian export success stories and winning strategies. *CanadExport* also produces special reports and updates on trade-related issues of interest to exporters, and on non-DFAIT international trade programs and activities.

English and French editions are currently available without charge to Canadian exporters. *CanadExport* is also available in electronic form. Write or call:

***CanadExport* (BCT)**
Department of Foreign Affairs and International Trade
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Tel.: (613) 996-2225
Fax: (613) 992-5791

Industrial Co-operation with Developing Countries

The Canadian International Development Agency (CIDA) administers most of Canada's aid program in 140 developing countries. An important part of these programs is implemented by the private sector through consultants, contractors and suppliers.

Industrial Co-operation Program

Investment

The investment-oriented programs assist eligible Canadian companies, particularly manufacturers, to conduct studies on the possibility of long-term co-operation agreements with developing country businesses. The programs may also pay certain costs incurred when a joint-venture is set up with entrepreneurs in a developing country.

Assistance is available through three mechanisms:

- starter study support — up to $15 000;
- viability support — up to $100 000; and
- project support — up to $500 000.

Professional Services

The services-oriented programs help eligible organizations (e.g. consulting firms, financial institutions and business associations) to conduct studies and provide professional guidance and advice to potential clients in developing countries.

Assistance is available through five mechanisms:

- capital project preliminary study — up to $350 000;
- capital project detailed study — up to $500 000;
- capital project support — up to $500 000;
- industrial plant rehabilitation — up to $500 000; and
- industrial planning and development — up to $500 000.

To obtain more information on any of the support mechanisms, please contact:

Industrial Co-operation Division
Canadian International Development Agency
200 Promenade du Portage
Hull, Quebec K1A 0G4
Tel.: (819) 997-7901
Fax: (819) 953-5024

VI. Useful Addresses

In Mexico

Commercial Division
Canadian Embassy
Calle Schiller No. 529
Colonia Polanco
Apartado Postal 105-05
México D.F. 11560
México
Tel.: (011-525) 724-7900
Fax: (011-525) 724-7982

Canadian Consulate
Edificio Kalos, Piso C-1
Local 108A
Zaragoza y Constitucion
Monterrey 64000
México
Tel.: (011-5283) 443-200
Fax: (011-5283) 443-048

Centro Canadiense de Negocios
(Canadian Business Centre)
Ejercito Nacional #926
México D.F. 11540
México
Tel.: (011-525) 580-1176
Fax: (011-525) 580-4494

Mexican Investment Board
Reforma 915
Col. Lomas de Chapultepec
México D.F. 11000
México
Tel.: (011-525) 202-7804
Fax: (011-525) 202-7925

In Canada

Latin America and Caribbean Trade Division (LGT)
Department of Foreign Affairs and International Trade
Lester B. Pearson Building
125 Sussex Drive
Ottawa, Ontario K1A 0G2
Tel.: (613) 996-5547
Fax: (613) 996-6142

Embassy of Mexico
45 O'Connor St., Suite 1500
Ottawa, Ontario K1P 1A4
Tel.: (613) 233-8988
Fax: (613) 235-9123

Banco Nacional de Comercio Exterior (Bancomext)
Trade Commission of Mexico
P.O. Box 32, Suite 2712
TD Bank Tower
66 Wellington Street
Toronto, Ontario M5K 1A1
Tel.: (416) 867-9292
Fax: (416) 867-1847

Bancomext
Trade Commission of Mexico
200 Granville Street, Suite 1365
Vancouver, BC V6C 1S4
Tel.: (614) 682-3648
Fax: (614) 682-1355

Bancomext
Trade Commission of Mexico
1501 McGill College
Suite 1540
Montréal, Quebec
H3C 3M8
Tel.: (514) 287-1669
Fax: (514) 287-1844

Canadian Exporters' Association (CEA)
99 Bank St., Suite 250
Ottawa, Ontario
K1P 6B9
Tel.: (613) 238-8888
Fax: (613) 563-9218

Canadian Council for the Americas (CCA)
Executive Offices
Third Floor
145 Richmond Street West
Toronto, Ontario
M5H 2L2
Tel.: (416) 367-4313
Fax: (416) 367-5460

International Trade Centres

If you have never marketed abroad, please contact the International Trade Centre in your province. International Trade Centres are co-located with the regional offices of Industry Canada. The Yukon is serviced by the Vancouver regional office. The Northwest Territories is serviced by the Edmonton regional office.

Newfoundland and Labrador
Suite 504, Atlantic Place
215 Water Street
P.O. Box 8950
St. John's, Newfoundland
A1B 3R9
Tel.: (709) 772-5511
Fax: (709) 772-2373

Prince Edward Island
Suite 400, National Bank Tower
Confederation Court Mall
134 Kent Street, P.O. Box 1115
Charlottetown, P.E.I.
C1A 7M8
Tel.: (902) 566-7400
Fax: (902) 566-7450

Nova Scotia
5th Floor
Central Guaranty Trust Tower
1801 Hollis Street
P.O. Box 940, Station M
Halifax, Nova Scotia
B3J 2V9
Tel.: (902) 426-7540
Fax: (902) 426-2624

New Brunswick
1045 Main Street, Unit 103
Moncton, New Brunswick
E1C 1H1
Tel.: (506) 851-6452
Fax: (506) 851-6429

Quebec
7th Floor
5 Place Ville-Marie
P.O. Box 247
Montréal, Quebec
H4Z 1E8
Tel.: (514) 496-4636
or 1-800-322-4636
Fax: (514) 283-8794

Ontario
4th Floor
Dominion Public Building
1 Front Street West
Toronto, Ontario
M5J 1A4
Tel.: (416) 973-5053
Fax: (416) 973-8161

Manitoba
8th floor, 330 Portage Avenue
P.O. Box 981
Winnipeg, Manitoba
R3C 2V2
Tel.: (204) 983-6531
Fax: (204) 983-2187

Saskatchewan
Suite 401
119 4th Avenue South
Saskatoon, Saskatchewan
S7K 5X2
Tel.: (306) 975-5315
Fax: (306) 975-5334

Alberta and Northwest Territories
Room 540
Canada Place
9700 Jasper Avenue
Edmonton, Alberta
T5J 4C3
Tel.: (403) 495-2944
Fax: (403) 495-4507

Alberta
Suite 1100
510-5th Street S.W.
Calgary, Alberta
T2P 3S2
Tel.: (403) 292-6660
Fax: (403) 292-4578

British Columbia and Yukon
Suite 2000
300 West Georgia Street
Vancouver, BC
V6B 6E1
Tel.: (604) 666-0434
Fax: (604) 666-8330

Industry Canada

The regional offices of Industry Canada are co-located with the International Trade Centres. The business centre is located in Ottawa:

Business Centre
Industry Canada
235 Queen Street
Ottawa, Ontario
K1A 0H5
Tel.: (613) 952-4782

El Centro
San Diego
Tijuana
Mexicali
UNITED STATES
Nogales
Nogales
El Paso
Ciudad Juárez
Sonora
Hermosillo
Baja California Norte
Chihuahua
Piedra Negras
Eagle Pass
Coahuila
Laredo
Nuevo Laredo
GULF OF MEXICO
1. Aguascalientes
2. Guanajuato
3. Querétaro
4. Hildalgo
5. México
6. Morelos
7. Tlaxcala
Baja California Sur
Sinaloa
Nuevo León
McAllen
Brownsville
Matamoros
Reynosa
Torreon
Monterrey
Durango
Altimira
Zacatecas
Tamaulipas
Tampico
Mazatlan
San Luis Potosí
Progresso
PACIFIC OCEAN
Nayarit
Yucatán
Merida
Veracruz
Guadalajara
Campeche
Jalisco
Michoacán
Veracruz
Lázaro Cárdenas
Mexico City
Colima
Tabasco
Puebla
Manzanillo
Quintana Roo
Guerrero
Oaxaca
Chiapas
N
Mexico City, Federal District
State, e.g., Durango
Land Entry
Ports
Airports
MEXICO
Salina Cruz
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Department of Foreign Affairs
and International Trade

Ministère des Affaires étrangères
et du Commerce international

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Cuernavaca
Puebla
Coatzacoalcos
Belize
Acapulco
Guatemala
Honduras
El Salvador
Mexico
Legend
0
300 km
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Railways
International Boundaries
Capital Cities
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External Affairs Canada
Affaires extérieures Canada

Canada